

BellSouth Reports Fourth Quarter Earnings

- **Data revenues grow 25%, exceed \$1 billion every quarter**
- **DSL customers reach 620,500, increase 189% for year**
- **Broadband coverage reaches 70% of households**

ATLANTA, January 22, 2002 – Driven by growth in data and broadband services, BellSouth Corporation (NYSE: BLS) reported normalized earnings per share (EPS) of 63 cents in the fourth quarter of 2001, before special items and foreign currency effects. Normalized EPS in the fourth quarter of 2000 was 59 cents, before foreign currency impacts of minus 2 cents.

On a reported basis, EPS in the fourth quarter of 2001 was 42 cents, reflecting charges of 12 cents for previously announced restructuring actions and 9 cents for the further impairment of an equity investment in Qwest Communications International. In addition, reported results included foreign currency effects that reduced EPS by 1 cent.

Adjusted to include BellSouth's 40% share of Cingular Wireless, total revenues of \$7.6 billion increased 4.5% compared to the fourth quarter of 2000. Driving overall revenue growth were data revenues exceeding \$1.2 billion, an increase of 24.9% compared to the same quarter a year earlier. DSL and other broadband and Internet services represented 15.8% of total revenues. For the full year, data revenues were \$4.5 billion, a gain of 26.3% compared to 2000.

BellSouth's domestic wireless revenues in the fourth quarter of 2001 were \$1.5 billion, representing the company's 40% share of Cingular, the second largest wireless company in the U.S. This is a gain of 18.8% compared to the same quarter a year ago, when Cingular was formed. In the fourth quarter, Cingular added 325,000 customers, and ended the year with 21.6 million, an annual growth rate of 9.7%. Cingular continues to focus on profitable growth, and leads the wireless industry in operating income. BellSouth's share of Cingular operating income was \$221 million in the fourth quarter of 2001, 46.4% higher than the same three months a year ago.

Consolidated Latin America revenues, including advertising and publishing, were \$683 million in the fourth quarter. Earnings before interest, taxes, depreciation, and amortization (EBITDA) increased 57.7% in the fourth quarter, to \$265 million, and was up 35.1% for the year. EBITDA margin improved to 38.5%, an increase of 17.4 percentage points, compared to the fourth quarter of 2000. On a proportionate basis, BellSouth had 7.4 million customers in Latin America at the end of the year, an annual growth rate of 10.9%. BellSouth and its wireless partners cover a total population of 224 million in 11 Central and South American countries.

Including Cingular, BellSouth and its partners now provide wireless services to 43.1 million total customers in 15 countries. On a proportionate basis, BellSouth's wireless customers around the world numbered nearly 19 million at December 31, an increase of 8.9% compared to the fourth quarter of 2000. Through its international operations and its domestic joint venture, Cingular, BellSouth's wireless licenses reach a total population globally of more than 536 million.

Total operating expense grew 2.8% in the quarter. Growth in domestic wireless, higher volumes in BellSouth's wholesale long distance business, and higher uncollectibles due to economic factors were partially offset by reduced operating and support expenses in Latin America.

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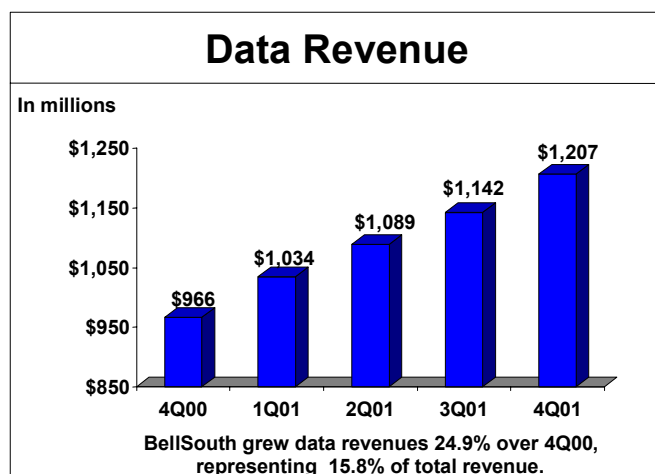
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Complete financial statements and the fourth quarter 2001 earnings press release can be accessed at www.bellsouth.com/investor

Data

BellSouth is delivering industry leading data revenue growth and continues to improve data profitability by making selective and targeted investments in our core network, driving down unit expenses and increasing asset productivity. BellSouth's network has nearly 4.1 million miles of fiber, more than 21,000 SONET rings, some 750 broadband switches and more than 140 Dense Wave Division Multiplexing (DWDM) systems. BellSouth is gaining recognition as an industry leader in data services. The company was rated the number one frame relay provider in a 2001 North American carrier survey conducted by Network Magazine. And BellSouth was rated number one in small business local service customer satisfaction by J.D. Power and Associates – further demonstrating BellSouth's dedication to providing quality business services.



BellSouth produced record data revenues of more than \$1.2 billion for the fourth quarter, a 24.9% growth rate. The fourth quarter concluded BellSouth's first full year of quarterly data revenues of \$1 billion or more with a year end total of \$4.5 billion, a gain of 26.3% compared to 2000. To put this in greater perspective, if

BellSouth's data business were a pure play, it would now be a Fortune 500 company.

Data revenue growth was generated by a broad spectrum of products and services. In 2001, total equivalent access lines (including traditional switched lines as well as broadband data service) grew 22% while equivalent business lines grew 29%. The latter growth is propelled by customer demand for data services as BellSouth migrates business customers from traditional voice lines to broadband and other high-speed digital products.

For the quarter, BellSouth's data revenue represented nearly 16% of our top line and was driven by 50% growth in high-capacity data lines (not VGEs). Leading this expansion on the consumer side was DSL, with revenues growing nearly 400% to \$254 million. Supplying growth on the business side were DS3 services such as BellSouth's branded LightGate® service, which integrates data, video and voice over a fiber-based private line. Optical products and packet services such as SMARTRing and frame relay also led business growth. SMARTRing provides a dedicated high-capacity network connecting multiple customer locations and BellSouth central offices. The service automatically detects and self-heals failures, ensuring a continuous flow of data. Frame relay is a high-speed, packet switching technology.

During the quarter BellSouth added Managed Storage voice-enabled applications and Gigabit Ethernet connectivity to its e-platform. These new products are further evidence that BellSouth is delivering on its promise to provide state-of-the-art applications to customers by continually expanding an already robust menu of e-platform data services.

The launch of Managed Storage Services enhances BellSouth's Storage Enabled Network vision by adding data storage as a core capability within our network. BellSouth is partnering with StorageNetworks, Inc., the

Normalized Earnings Summary	4Q01 ²	4Q00	% chg
EPS - Reported Diluted	\$0.42	\$0.59	N/M
Loss on restructurings and asset impairments	0.12	0.18	N/M
Loss on writedown of investments	0.09		
Gain on sale of Skycell			
Adjustment to ISP Accrual			
Post-retirement benefit expense			
Loss on Sale of Qwest common stock			
Gain from pension settlements		(0.12)	
Gain on partner redemption		(0.15)	
Contract termination payment		0.07	
Gain on E-Plus restructuring			
Foreign currency losses	0.01	0.02	N/M
EPS - Normalized ¹	\$0.63	\$0.59	6.8%

¹Normalized earnings per share may not sum due to rounding.

²See press release for an explanation of the normalizing items.

YTD-01 ²	YTD-00	% chg
\$1.36	\$2.23	N/M
0.12	0.21	N/M
0.62		
(0.01)		
0.05		
0.02		
0.04		
	(0.12)	
	(0.15)	
	0.07	
	(0.04)	
0.12	0.04	N/M
\$2.34	\$2.24	4.5%

world's leading provider of data storage management services, not only to develop and bring to market the current offerings, but also to enhance storage software and services through joint development and marketing. Data storage software and services will be deployed deep within the network, and the network's high-speed connectivity will enable fully managed storage services, such as primary disk storage and backup-and-restore.

BellSouth also has aligned with BeVocal to extend the world-class BellSouth e-platform into voice-enabled applications. BellSouth will provide voice hosting services that allow businesses to host applications, such as call center automation, from a BellSouth e-Business Center. Other voice applications could include directory assistance, sales force automation, corporate voice portal and employee 401K information. A more ubiquitous access method than the computer, voice hosting services enable businesses and residential customers to connect to all types of information via the phone.

BellSouth is building on its fiber-based solutions such as SONET and Native Mode LAN Interconnection to propel the next stage of data solutions with Gigabit Ethernet (Gig-E). Gig-E service provides LAN and WAN speeds that ensure superior delivery of multimedia and other data intensive applications. This broadband access for business, capable of speeds up to 10 Gbps, gives customers a clear path to the next generation of data transport. CNN in Atlanta has been using BellSouth Gig-E to support its blanket coverage of the war on terrorism.

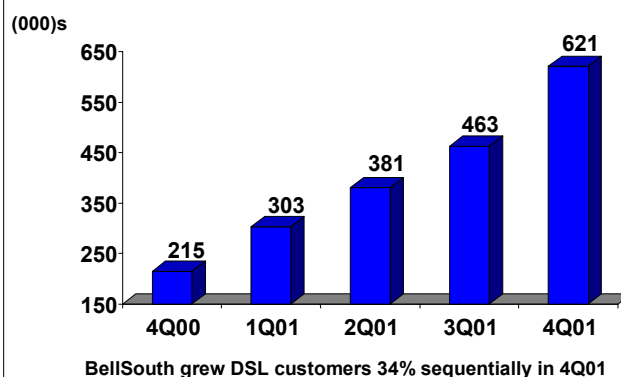
Also during the fourth quarter, BellSouth earned the coveted Network Management Specialization designation from Cisco – expanding BellSouth's ability to offer complete data networking solutions to business customers. The new certification qualifies our employees to sell, install and support Cisco Network Management Specialization Solutions. Earlier this year, BellSouth achieved Cisco specializations in Voice Access, IP Telephony and Wireless LAN, and was named a Cisco Certified Gold Partner.

DSL

In 2001, BellSouth nearly tripled its DSL customer base with 620,500 retail and wholesale customers, an increase of 189% over 2000 – the fastest growth of any DSL or cable provider in the country. BellSouth added nearly 158,000 customers in the fourth quarter, a 34% sequential quarter growth rate. BellSouth's broadband success is largely due to our customer service and focused execution of the most aggressive DSL deployment strategy in the industry. In 2001, BellSouth increased its coverage from 45% to 70% of households

in the markets BellSouth serves – covering over 15.5 million lines. Our industry leading coverage is a result of BellSouth's targeted market-driven deployment of DSL in more than 1,000 central offices and 8,700 remote terminals (RTs) -- more RTs than any other DSL provider. BellSouth's network design provides broadband to more customers -- and at a high throughput, over 90% of our DSL coverage area is able to attain speeds of a megabit or more. The network design also enables BellSouth to deploy advanced equipment and services, achieving significant improvement in cost per line.

DSL Customers



BellSouth's retail self-install initiative for its residential customers is a critical factor in our broadband success. Refinements to the self-install kit and the addition of options for Mac, Ethernet modem and laptop users have resulted in 97% of residential customers opting to self-install during recent months -- with a success rate of about 90%. This momentum is expected to continue in 2002 when BellSouth introduces the self-install option for business customers.

DSL Metrics

	EOY 2000	EOY 2001	EOY 2002e
Subscribers	215K	621K	1.1M
Revenue	\$52M	\$254M	\$600M
Markets	46	63	63
% HH Passed	45%	70%	76%

Customers have responded to BellSouth's superior DSL customer service. Several recent industry reports, including J.D. Power and Associates and DSL Reports, have ranked BellSouth highest in its peer group. Customer service has been enhanced by several online customer support initiatives, such as support.fastaccess.com, the Connection Manager and PC qualification tools, which improve the overall BellSouth® FastAccess® customer experience. These tools also help reduce customer acquisition cost. BellSouth has already seen a 50% drop in expense per customer by using more cost-effective sales and support channels such as the Internet and other on-line support tools.

These initiatives have not gone unnoticed by customers in the competitive marketplace. In a recent study (July-August 2001), DSL flow share in the BellSouth region versus cable modem was 46%, compared to 28% flow share the year before. BellSouth has met the cable competition head-to-head, and our flow share has significantly increased.

The Communications Group

Along with BellSouth's focused execution on technology, our commitment to customers across residential, business and wholesale markets continued to pay dividends. BellSouth demonstrated excellence which translated into revenue growth and industry recognition.

The Communications Group, which includes domestic wireline, data, broadband, e-commerce, long distance, Internet services, and advanced and basic voice features, posted revenue growth of 4.5% in the fourth quarter. Growth was aided by digital and data revenues and wholesale long distance revenues, despite offsetting factors such as the economy, competition and BellSouth's continuing transition out of the payphone business. Local service revenue grew 2.5%.

BellSouth gained recognition across multiple industry groups for its long-standing commitment to the customer. During the quarter, BellSouth received top honors in customer satisfaction among large local providers in the Yankee Group Technologically Advanced Family® survey. The study, which measured consumer experience and interaction with over 100 products and services, showed BellSouth emerging as the leader in all categories of customer satisfaction for local service providers.

BellSouth has a strong history of superior customer satisfaction. BellSouth customers ranked the company the highest among large telecommunications providers

in the 2001 J.D. Power and Associates Local Residential Telephone Service Satisfaction StudySM, after having been recognized as No. 1 in local residential telephone customer satisfaction each year from 1996 to 1999. In addition, BellSouth has captured first place for eight consecutive years in the University of Michigan's American Customer Satisfaction Index.

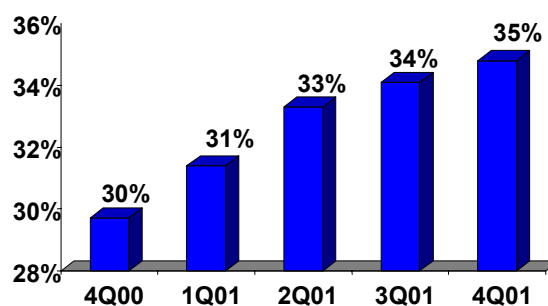
Communications Group Revenue

BellSouth exceeded its peers in calling features as a percent of total domestic wireline revenue at 11.8%. Fueling that accomplishment is the Complete Choice® family of products, one of the industry's most successful consumer package offerings, with 13% unit sales growth in the fourth quarter. The Complete Choice family has penetrated 35% of residential access lines with 6.1 million packages. Additionally, more than 60% of DSL customers have Complete Choice – demonstrating that BellSouth's service packages continue to be well received.

BellSouth's best selling calling features include:

- Caller ID, which increased 6% to over 8.8 million units, a 49% penetration rate of residential customers.
- Call Waiting Deluxe, which grew 16% in the past year to nearly 5.4 million features in service, a 31% penetration rate.
- BellSouth Voice MailSM, which increased 2.5% to over 3.3 million mailboxes, a 17% penetration rate.

Complete Choice® Penetration



BellSouth has sold over 6 million packages of the Complete Choice family of products – growing 13%

Penetration of residential lines

Network access revenues grew 6.8% in fourth quarter driven by special access data revenues. This growth is primarily due to BellSouth's wholesale customer initiative in which we partner with wholesale customers to develop long-term commitments that result in

volume-based savings for the customer, secure future revenue for BellSouth while fostering beneficial customer relationships. In addition, the initiative is dedicated to enhancing service levels and developing new products.

Long distance revenue increased 31.4%, driven primarily by growth in wholesale long distance. In addition, wireless long distance and prepaid long distance cards helped spur this line.

Total switched access MOUs declined 5.8% in the fourth quarter as a result of access line loss and the continued migration of traffic to dedicated digital and data service and alternative communications services such as wireless and e-mail.

Communications Group Expenses

The Communications Group EBITDA margin was 52.1% in 4Q01, a sequential improvement of 280 basis points. Total operating expenses increased 5.3% for the quarter. The main factors contributing to expense growth were higher volumes in BellSouth's wholesale long distance businesses and higher uncollectibles due to economic impacts. Depreciation and amortization expense was higher, reflecting increased deployment of capitalized software and investments in broadband since 4Q00.

BellSouth's initiative to encourage customers to "Pay by Mouse, Not by Mail" is proving successful. More than 3.5 million e-payments have been processed online at www.bellsouth.com, our Web site that gives customers a simple, convenient and secure way to do business with us online. More than 160,000 customers have enrolled in BellSouth's e>bill service, saving the hassle of writing a check, saving on postage -- and saving BellSouth the expense of mailing bills.

Domestic Wireless

Cingular, BellSouth's nationwide wireless joint venture, continues to focus on a profitable growth strategy. For the fourth quarter Cingular (Proforma Results):

- Added over 750,000 net postpaid digital customers
- Ended the year with 21.6 million customers, a 9.7% growth rate
- Ended the year with \$14.3 billion in revenue, a 12.8% growth rate
- Grew fourth quarter operating income 42.2%

By focusing on customers that will bring the most value, Cingular added over 750,000 net non-reseller postpaid digital customers during the quarter. Overall net adds of 325,000 reflect continued efforts to increase higher value customers by offering choice promotional options

on higher average monthly revenue per customer (ARPU) digital access and family plans. Moreover, Cingular's growth of digital customers, which reached 86% of the base in the fourth quarter, up from 81% at mid-year, reflects the improving quality of the customer base. Digital traffic increased to 96% of total minutes during the fourth quarter. Cingular Interactive increased its total customer base to 733,000, a 28.0% increase over the prior year, adding 36,000 net customers during the fourth quarter.

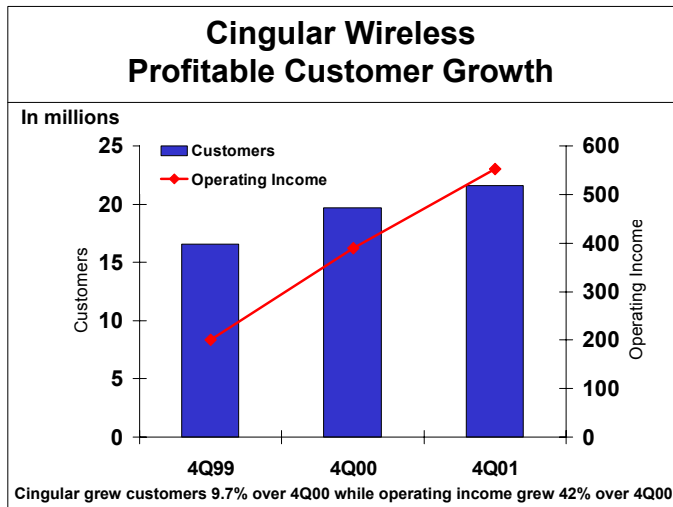
Cingular's total revenue for the fourth quarter was \$3.6 billion, a 12.0% growth rate over the same period a year ago. Cingular's EBITDA and Earnings Before Taxes (EBT) also grew year over year, with EBITDA increasing 22.7% to \$1.0 billion and EBT increasing 80.0% to \$279 million. For the year, Cingular's total revenue was \$14.3 billion, a 12.8% growth rate over last year. Cingular led the industry with operating income for the year of \$2.5 billion, a 23.2% growth rate over 2000 while posting year ending EBT of \$1.7 billion, a 55.5% growth rate over 2000.

Cingular marked its first full year of operations in 2001 with several significant accomplishments, which include:

- Initiating one of the most successful brand launches in history
- Transforming 11 regional companies into a powerful national player
- Achieving merger synergies and cost savings:
 - > Reducing 39 call centers into 22 mega-centers
 - > Consolidating regional distribution centers into one central operation
 - > Streamlining payroll, billing, and accounting systems
- Acquiring new spectrum cost effectively through various channels
- Establishing a clear 3G technology migration plan
- Announcing an innovative and cost saving network sharing arrangement with VoiceStream

Beginning in the fourth quarter of 2000, BellSouth's reported consolidated income statement no longer reflects revenues and expenses from domestic wireless. Net earnings from BellSouth's share of Cingular are included in Other Income on BellSouth's Consolidated Statement of Income – Reported Basis. Cingular's pro forma financial statements for 4Q01, and for 1999 and 2000, can be accessed at www.bellsouth.com/investor.

The new year will bring many additional exciting changes, including the mid-year launch of Cingular into New York City; the build-out of Salt Lake City, and Cingular branded service through the build-out of Portland, Oregon with service beginning in early 2003. In addition to expanding into new markets, Cingular will continue the 3G evolution, beginning with a GSM overlay. GSM starts the migration to a nationwide unified EDGE platform, ushering in opportunities for even more advanced data services. These market expansions and major technology transformations will be accomplished with a continuing focus on profitable growth.



Latin America Group

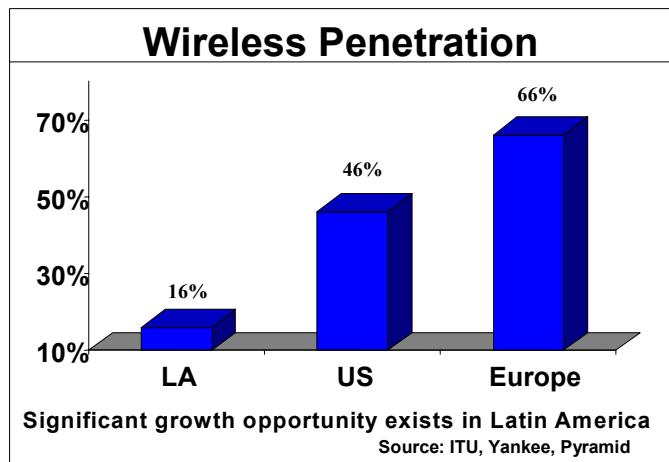
Over the last 12 years, BellSouth's Latin American portfolio has grown to become the most comprehensive pan-regional wireless footprint, spanning 11 countries. Our portfolio features eight nationwide licenses, includes most major markets and covers approximately 224 million total potential customers. BellSouth is demonstrating its Latin American leadership through strong EBITDA growth and our large, high-value customer base. EBITDA growth exceeded 57% in 4Q01, and was up more than 35% for the year. BellSouth has the highest EBITDA per customer among major regional competitors. BellSouth ended the year with 7.4 million Latin American customers (proportionate basis), a 10.9% increase from the prior year.

Consolidated expenses in BellSouth's Latin America segment decreased 28% in the fourth quarter, primarily due to improved operating efficiencies, changes in foreign exchange (FX) rates and lower customer

additions. Quarterly revenue also decreased from 2000 by 13%. The decrease was the result of changes in FX, regulatory related rate reductions in Venezuela, and economic pressures being felt across Latin America. Consolidated ARPU held steady at \$24 compared to the third quarter of 2001. It was \$30 in the fourth quarter of 2000. The main factors in the year over year comparison are FX, and the increased penetration of cellular service into the mass consumer market in Latin America.

Profitable Growth

Latin America provides significant opportunity for profitable growth. Wireless penetration rates of approximately 16% are exceptionally low relative to those in Europe and the U.S. Though penetration rates vary significantly by country, overall it compares to approximately 46% in the U.S. and 66% in Europe. Wireless penetration actually has surpassed wireline penetration in some Latin American countries. This translates to a great opportunity for BellSouth to continue to grow as a wireless leader. BellSouth's scale and experience in the region position us well to take advantage of this opportunity.



Profitability Initiatives

With the goal of profitably penetrating all segments of the wireless market, BellSouth Latin America continues to focus on growing revenue and improving its cost structure. Three initiatives helping to drive revenue growth are: expanding the distribution of prepaid cards, stimulating increased usage from existing customers, and introducing new products and services. During the fourth quarter, points of distribution for prepaid phone cards continued to expand. For example, Venezuela has 25,000 points of service and is still expanding. Two

programs that demonstrate success in stimulating usage are minimum purchase requirements for prepaid cards, and rewarding customers for increased usage with chances to win prizes in a lottery-style contest.

In the fourth quarter, new services were launched in Colombia, Argentina and Venezuela. Chat BellSouthsm, which allows customers to write, send and receive text messages, was launched successfully in Colombia. In Argentina, Movicom began offering Secretary Servicesm, which delivers messages from voice operators to cell phone screens in the form of text messages. In Venezuela, a trial of fixed wireless has proved very successful, and the service is now available nationally. At year end, there were 77,000 fixed wireless customers.

million, impacted by higher uncollectibles. EBITDA margin was 51.6%.

During the quarter, BellSouth announced a renewed agreement with Yahoo! to feature BellSouth® RealPages.comsm content for the Southeastern U.S. on Yahoo!® Yellow Pages, the Web's No. 1 yellow pages directory, increasing online exposure for BellSouth's local advertisers. The renewed relationship will strengthen BellSouth RealPages.com's position as a leading provider of online yellow pages directory services for local businesses in the Southeast by offering advertisers exposure to more than 55% of online customers in the Southeast.

BellSouth Consolidated Results

Normalized interest expense decreased 9.0% over 4Q00, primarily reflecting lower short-term interest rates.

The effective tax rate for 4Q01 was 32.4%. The annual effective tax rate for normalized results decreased 90 basis points from 35.6% to 34.7% for the year. This decrease is primarily the result of the normalization of FX losses, since the majority of our FX losses are reported net of tax. Adjusted for the \$230 million of FX losses, the normalized effective tax rate for 2001 is comparable to the 2000 rate, decreasing 20 basis points from 36.1% to 35.9%.

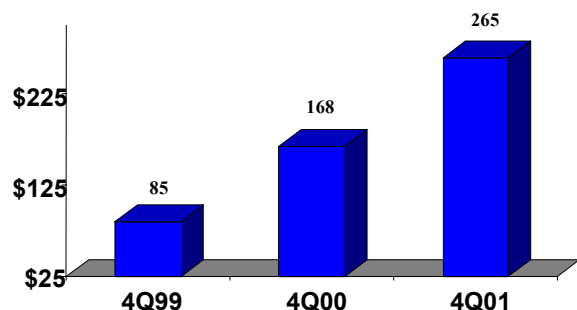
For the year, BellSouth's capital expenditures totaled \$6.0 billion. BellSouth's level of investment in its networks has remained stable and consistent over time, allowing BellSouth to lead the industry in broadband deployment, with 95% of the customers in our top metros within 12,000 feet of a fiber connection.

Long Distance Entry Update

On December 20, BellSouth withdrew its Georgia and Louisiana 271 filings to comply with the FCC's request for additional data to supplement the record. Those states will be refiled within the next few weeks. BellSouth expects to be providing long distance service to customers in those states in the second quarter of 2002. During the fourth quarter, the Mississippi and South Carolina PSCs unanimously endorsed BellSouth's state-level filing to provide long distance service. In addition, 271 cases have been completed in North Carolina, Kentucky and Alabama and those cases are awaiting decision. BellSouth expects to file with the FCC in those five states as early as late first quarter. OSS testing continues in Florida. BellSouth expects a state decision in April, followed by an FCC filing in late 2Q02. Tennessee dates are still to be determined.

Latin America Group EBITDA

In millions



Latin America Group EBITDA grew 57.7% over 4Q00

Latin America's 57.7% EBITDA growth is being fueled by the continued refinement of the operations' cost structure. Acquisition costs are being reduced both by new commission structures, which better align agents' commissions with the value of customers delivered, and by decreases in handset costs through regional procurement. Initiatives launched in the fourth quarter to standardize key aspects of network design, consolidate systems and IT resources, and coordinate product development across Latin America will promote further expense savings and revenue growth later in 2002 and in 2003.

Additional Details

Domestic Advertising and Publishing

BellSouth's advertising and publishing revenues fell 0.4% for the quarter, due primarily to economic and competitive impacts. EBITDA declined 6.6% to \$369

2002 Guidance

BellSouth guidance for certain key financial and business metrics in 2002 remains as follows:

- Normalized EPS growth
(excluding FX, including FAS 141/142) 7% – 9%
- Total Operating Revenue growth 5% – 7%
- Data revenue growth 22% - 25%
- Capital expenditures (in billions) \$5.3 - \$5.5
- DSL customers 1.1 million at 12/31/02

In addition to historical information, this document contains forward-looking statements regarding events and financial trends. Factors that could affect future results and could cause actual results to differ materially from those expressed or implied in the forward-looking statements include: (i) a change in economic conditions in domestic or international markets where we operate or have material investments which would affect demand for our services; (ii) the intensity of competitive activity and its resulting impact on pricing strategies and new product offerings; (iii) higher than anticipated cash requirements for investments, new business initiatives and acquisitions and (iv) those factors contained in the Company's periodic reports filed with the SEC. The forward-looking information in this document is given as of this date only, and BellSouth assumes no duty to update this information.